

Regular Meeting

Agenda Item #	8
Meeting Date	October 22, 2007
Prepared By	Barbara B. Matthews City Manager
Approved By	

Discussion Item	2nd Reading Ordinance Regarding FY08 Budget Amendment No. 1
Background	<p>The FY08 budget was adopted by the City Council on June 18, 2007. Since that time, certain events have transpired that require an amendment to the budget. These events are outlined below.</p> <p>Tuhin Basu & Associates, Inc., under contract to the Maryland State Highway Administration, recently inspected the bridge carrying Maple Avenue over Sligo Creek in the City of Takoma Park. The inspection revealed that several of the steel members supporting the timber sidewalk on the east side of the bridge exhibited extensive deterioration; the sidewalk was subsequently closed until such time that it can be repaired or replaced. By Resolution 2007-37, the City Council authorized the City Manager to execute a contract with Highway and Safety Services, Inc. to make the necessary repairs to the Maple Avenue bridge sidewalk. A budget amendment is required to reflect this unanticipated expenditure. The cost of the sidewalk repair has been adjusted by \$9,500 since first reading of the ordinance; more steel members had to be removed than originally planned, and additional supports were recommended by the consulting engineer. The revised cost of the project, including associated inspection services, is \$38,000.</p> <p>The City Code provides for the periodic review of Council compensation. On March 26, 2007, the City Council appointed eight residents to serve on the 2007 Council Compensation Committee. The Committee presented its report to the Council on July 2, 2007. By Ordinance No. 2007-43, the Council approved an increase in the salaries to be paid to members of the City Council and the Mayor. A budget amendment is required to address the increased salaries for the seven months remaining in FY08 after the new Council takes office.</p> <p>By Ordinance No. 2007-46, the City Council authorized the City Manager to enter into a contract with NW Sign Industries for the fabrication and installation of building signage in the Takoma Park Community Center/Sam Abbott Citizens' Center. The low bid of \$48,000 exceeded the amount allocated in the FY08 budget for the project, necessitating the appropriation of an additional \$13,000.</p> <p>To encourage residents to beautify their yards and to help in replacing the aging tree canopy in Takoma Park, the City offered residents the opportunity to participate in the City's "bulk buy" tree sale. Acting as a purchasing agent with Stadler Nursey, the City made a number of species available at wholesale prices. A budget amendment is required to account for both the Public Works Department's purchase of the trees and the monies received from City residents who participated in the tree sale. The ordinance has been revised since first reading to reflect an increase in the number of trees being sold.</p> <p>In accordance with Chapter 12.12 of the Code of the City of Takoma Park, an</p>

	<p>individual removing trees on his/her property is required to plant replacement trees under certain conditions. Where it is not feasible or desirable to replace trees on site, the replacement requirement may be satisfied by planting trees at another location approved by the City Manager or by a contribution equivalent to the installed market value of the required replacement trees to the City's tree planting fund.</p> <p>Monies deposited in the tree planting fund are held in a deferred revenue account until such time as the monies are appropriated. The City Arborist would like to do additional tree planting during the fiscal year and has requested that an appropriation in the amount of \$10,000 be made.</p> <p>In FY06, the City Council approved the expansion in the City's take-home car program to enhance efforts to retain and attract quality law enforcement personnel. The first cars acquired under the expanded program occurred in FY07 under a lease-purchase arrangement, with lease payment accounted for in the Debt Service division of the City's operating budget. During the preparation of the FY07 Comprehensive Annual Financial Report, the Director of Finance was apprised that the loan principal amount should be treated as loan proceeds and the total cost of the police cruisers should be treated as a capital expenditure. This change in accounting treatment requires an amendment to both General Fund revenues and expenditures.</p> <p>The City receives a variety of grants that provide funding for law enforcement, community revitalization, parks development, and infrastructure improvements. The City utilizes Special Revenue Funds to account for revenue and expenditure activity attributable to the specific projects funded by these grants.</p> <p>Since adoption of the FY08 budget, the City has received an additional law enforcement grant not contemplated at the time of the budget's adoption. The City's receipt of 2007 Community Legacy Funds for New Hampshire Avenue facade grants must also be recognized. Furthermore, funding for certain projects not completed in FY07 needs to be reappropriated; these projects include improvements in Takoma Junction and the Hearts and Home Youth Program. The funding amount for certain projects included in the FY08 budget requires modification as well.</p> <p>In light of the retirement of the Deputy City Manager effective December 31, 2007, his pending retirement, the City Manager evaluated the current organizational structure and proposed a restructuring to the City Council on October 15, 2007. Council action is required to reallocate resources within the FY08 budget to implement the City Manager's reorganization plan. The proposed budget amendment has been revised since first reading to make the necessary funding adjustments.</p>
Policy	The Code of the City of Takoma Park requires budget amendments to be approved by a two-reading ordinance.
Fiscal Impact	The Deferred Revenue Account of the General Fund would be reduced by \$10,000. The Unappropriated Reserve of the General Fund would be reduced by \$72,170, leaving a balance of \$289,251. General Fund revenues would increase by \$228,049. Fund expenditures would increase by \$238,049. Special Revenue Funds revenues would increase by \$97,196, with a corresponding increase in fund expenditures.
Attachments	Proposed FY08 Budget Amendment Ordinance No. 1

Recommendation	Staff recommends that the City Council accept the proposed ordinance for second reading.
Special Consideration	

**ORDINANCE NO. 2007-54
FY08 BUDGET AMENDMENT NO. 1**

- WHEREAS, Tuhin Basu & Associates, Inc., under contract to the Maryland State Highway Administration, recently inspected the bridge carrying Maple Avenue over Sligo Creek in the City of Takoma Park; and,
- WHEREAS, said inspection revealed that several of the steel members supporting the timber sidewalk on the east side of the bridge exhibited extensive deterioration; and,
- WHEREAS, the sidewalk was subsequently closed until such time that it can be repaired or replaced; and,
- WHEREAS, by adoption of Resolution 2007-37, the City Council authorized the City Manager to execute a contract with Highway and Safety Services, Inc. to make the necessary repairs to the Maple Avenue bridge sidewalk; and,
- WHEREAS, an amendment to the FY08 budget is required to reflect this unanticipated expenditure; and,
- WHEREAS, the City Code provides for the periodic review of Council compensation; and,
- WHEREAS, on July 2, 2007, the 2007 Council Compensation Committee presented its report to the Council; and,
- WHEREAS, the City Council subsequently adopted Ordinance No. 2007-43, increasing the salaries to be paid to future members of the City Council and the Mayor; and,
- WHEREAS, a budget amendment is required to address the increased salaries for the seven months remaining in FY08 after the new Council takes office; and,
- WHEREAS, by Ordinance No. 2007-46, the City Council authorized the City Manager to enter into a contract with NW Sign Industries for the fabrication and installation of building signage in the Takoma Park Community Center/Sam Abbott Citizens' Center; and,
- WHEREAS, the low bid of \$48,000 exceeded the amount allocated in the FY08 budget for the project, necessitating the appropriation of an additional \$13,000; and,
- WHEREAS, to encourage residents to beautify their yards and to help in replacing the aging tree canopy in Takoma Park, the City offered residents the opportunity to participate in the City's "bulk buy" tree sale, offering certain species of trees to be purchased at wholesale prices; and,
- WHEREAS, a budget amendment is required to account for both the Public Works Department's purchase of said trees and the monies received from City residents who participated in the tree sale; and,
- WHEREAS, Chapter 12.12 of the Code of the City of Takoma Park requires an individual removing trees on his/her property to plant replacement trees under certain conditions; and,

- WHEREAS, where it is not feasible or desirable to replace trees on site, the replacement requirement may be satisfied by planting trees at another location approved by the City Manager or by a contribution equivalent to the installed market value of the required replacement trees to the City's tree planting fund; and,
- WHEREAS, monies deposited in the tree planting fund are held in a deferred revenue account until such time as the monies are appropriated; and,
- WHEREAS, the City Arborist would like to do additional tree planting during the fiscal year and has requested that an appropriation in the amount of \$10,000 be made; and,
- WHEREAS, the City Council recently approved an expansion in the City's take-home car program to enhance efforts to retain and attract quality law enforcement personnel; and,
- WHEREAS, said expanded take-home car program involves the lease of police cruisers, with lease payments being accounted for in the Debt Service division of the City's operating budget; and,
- WHEREAS, during the preparation of the FY07 Comprehensive Annual Financial Report, the Director of Finance was apprised that the loan principal should be treated as loan proceeds and the total cost of the police cruisers should be treated as a capital expenditure, requiring an amendment to both General Fund revenues and expenditures; and,
- WHEREAS, since adoption of the FY08 budget, the City has received an additional law enforcement grant not contemplated at the time of the budget's adoption, necessitating a budget amendment to recognize receipt of the grant funds as well as the associated expenditure; and,
- WHEREAS, all work related to the Carroll Avenue streetscape project and the Hearts and Home Youth Program were anticipated to be completed by June 30, 2007; and,
- WHEREAS, the Carroll Avenue streetscape project and the Hearts and Home Youth Program were not completed as of June 30, 2007, requiring an amendment to the FY08 budget; and,
- WHEREAS, a portion of the 2004 Community Legacy award for the Carroll Avenue streetscape project was expended in FY07, requiring a reduction in the amount reflected in the FY08 budget; and,
- WHEREAS, certain expenditures related to the 2007 Safe Routes to School award will occur in FY08 rather than FY07, necessitating an increase in the budgeted amount for FY08; and,
- WHEREAS, the FY08 budget must be amended to recognize the receipt of 2007 Community Legacy funds for New Hampshire Avenue facade improvement grants and associated expenditures; and,
- WHEREAS, in light of the retirement of the Deputy City Manager effective December 31, 2007, the City Manager evaluated the current organizational structure and proposed a restructuring to the City Council on October 15, 2007; and,
- WHEREAS, said organizational restructuring plan entails the reallocation of resources in the FY08 budget, resulting in a net increase of 1.525 full-time equivalents; and,

WHEREAS, a budget amendment is required to reallocate resources within the FY08 budget to implement the City Manager's reorganization plan.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF TAKOMA PARK, MARYLAND THAT:

SECTION 1. The Fiscal Year 2008 Budget is amended as follows:

General Fund – Transfers

1. Transfer \$51,000 from account 9000-8200, Unappropriated Reserve, to account 9100-8000, Capital Equipment/Projects, for repairs to the Maple Avenue Bridge sidewalk and the fabrication and installation of building signage in the Takoma Park Community Center/Sam Abbott Citizens' Center.
2. Transfer \$19,720 from account 9000-8200, Unappropriated Reserve, to account 1110-4010, Legislative Salaries, for the increased salaries of the future Mayor and members of the City Council.
3. Transfer \$1,450 from account 9000-8200, Unappropriated Reserve, to account 1110-4020, Legislative Fringe Benefits, for increased FICA costs resulting from the increased salaries of the future Mayor and members of the City Council.
4. Transfer \$10,000 from account 0001-1202, Deferred Revenue Tree Fund, to account 0001-3616, Tree Fund.
5. Transfer \$9,000 from account 1150-4011, Information Systems Intern Salaries, to account 1150-4010, Information Systems Salaries.
6. Transfer \$14,891 from account 1120-4010, General Management Salaries, to account 1150-4010, Information Systems Salaries.
7. Transfer \$6,000 from account 1130-4011, Finance Intern Salaries, to account 1130-4010, Finance Salaries.
8. Transfer \$14,727 from account 1120-4010, General Management Salaries, to account 1130-4010, Finance Salaries.
9. Transfer \$8,000 from account 1160-4030, Human Resources Temporary Assistance, to account 1160-4010, Human Resources Salaries.
10. Transfer \$15,444 from account 1120-4010, General Management Salaries, to account 1160-4010, Human Resources Salaries.
11. Transfer \$9,992 from account 1120-4010, General Management Salaries, to account 1130-4020, Finance Fringe Benefits.
12. Transfer \$10,566 from account 1120-4020, General Management Fringe Benefits, to account 1150-4020, Information Systems Fringe Benefits.
13. Transfer \$477 from account 1120-4010, General Management Salaries, to account 1160-4020, Human Resources Fringe Benefits.
14. Transfer \$5,029 from account 1120-4020, General Management Fringe Benefits, to account 1160-4020, Human Resources Fringe Benefits.

15. Transfer \$4,980 from account 2500-4010, Administrative Services Salaries, to account 1160-4020, Human Resources Fringe Benefits.

General Fund – Revenues

1. Appropriate ~~\$7,355~~ 8,370 to account 0001-3680, Miscellaneous, to reflect the receipt of monies from City residents who elected to participate in the “bulk buy” tree sale.
2. Appropriate \$219,679 to account 0001-3607, Lease Purchase, to reflect loan proceeds associated with the lease of police cruisers for the employee take-home car program.

General Fund – Expenditures

1. Appropriate ~~\$17,355~~ 18,370 to account 3800-5308, Tree Planting, for expenditures related to the City’s “bulk buy” tree sale program and for additional tree planting to be made from Tree Fund revenues.
2. Appropriate \$219,679 to account 9100-8000, Capital Equipment/Projects, for the lease-purchase of police cruisers.

Special Revenue Funds – Revenues

1. Appropriate \$16,469 to account 0010-3924, Byrne Memorial Justice Assistance Grant 2007.
2. Appropriate \$7,871 to account 0010-3905, Takoma Junction Revitalization Grant, for the Carroll Avenue streetscape project.
3. Appropriate \$7,050 to account 0010-3717, Hearts and Home Youth Program.
4. Reduce account 0010-3740, Community Legacy 2004, by \$771.
5. Appropriate \$28,577 to account 0010-3921, Safe Routes to School 2007.
6. Appropriate \$38,000 to account 0010-3742, Community Legacy 2007.

Special Revenue Funds – Expenditures

1. Appropriate \$16,469 to account 0010-7219, Byrne Memorial Justice Assistance Grant 2007.
2. Appropriate \$7,871 to account 0010-6854, Takoma Junction Revitalization Grant, for the Carroll Avenue streetscape project.
3. Appropriate \$7,050 to account 0010-6803, Hearts and Home Youth Program.
4. Reduce account 0010-6837, Community Legacy 2004, by \$771.
5. Appropriate \$28,577 to account 0010-7211, Safe Routes to School 2007.
6. Appropriate \$38,000 to account 0010-6814, Community Legacy 2007.

SECTION 2. The City’s Capital Improvement Program for FY08 shall be amended to reflect the aforementioned changes in the General Fund and Special Revenue Funds.

SECTION 3. This Ordinance shall become effective upon adoption.

Adopted this _____ day of _____ by Roll Call vote as follows:

AYE:

NAY:

ABSTAIN:

ABSENT:

Explanatory Note:

Shading indicates additions to Ordinance No. 2007-54 made after first reading on October 8, 2007.

Deletions are shown by strikeout.